

LIPINSKI QUESTIONS FORCED CLOSURE OF PROFITABLE GM AND CHRYSLER DEALERSHIPS

(JUNE 5, 2009)

Congressman Dan Lipinski (IL-03) joined almost 100 of his colleagues in sending a letter to President Obama expressing serious concerns about General Motors' and Chrysler's decisions to close profitable dealerships across the country at a time when the economy continues to shed jobs.

"GM and Chrysler are vital to the health of our economy, and I understand the need for them to cut costs and reinvent the way they do business," Lipinski said. "But I want to be certain there is a good reason for these dealerships to be forced to shut down. Many of these dealerships are vital to their communities and it is not clear why they are being closed. That's why I'm asking the president to request that the companies delay final action while his Auto Task Force closely examines why these dealerships were targeted for closure."

A copy of the letter follows.

The Honorable Barack Obama

President of the United States

The White House

1600 Pennsylvania Avenue

Washington, D.C. 20500

Dear President Obama:

We are writing to express our concerns about General Motors' and Chrysler's decision to close profitable automobile dealerships across the country, and urge you to ask GM and Chrysler to delay final action on proposed closures pending further review of the decision to consolidate dealerships and the process by which Chrysler and GM selected the dealerships to close.

Closing these dealerships will put over 100,000 jobs at risk at a time when our country is shedding jobs at an alarming rate. We also question the criteria being used to determine which dealerships should be closed and the fundamental fairness involved in this effort. It is our view that the market should make these decisions rather than leaving it up to the manufacturers whose poor leadership contributed to their demise. Furthermore, we believe car dealers will be key players in any effort to revive the American auto industry.

We believe the dealerships are one of the auto industry's key sources of strength and the manufacturers should continue to honor their agreements and contracts. The dealerships, and their more than 1 million employees, form personal relationships with customers that often contribute to brand loyalty and will be key to General Motors' and Chrysler's recovery following this economic downturn. While we understand the desire to reduce the number of unprofitable

dealerships, no one has yet sufficiently explained the need to close profitable dealerships.

We recognize that efforts by your Auto Task Force prevented the total liquidation of General Motors and Chrysler, as well as their dealership networks. We commend your efforts to help these businesses survive these challenging economic times. However, we are concerned that manufacturers are closing profitable dealerships to circumvent current contracts which could require expensive buy-outs under normal conditions. We are also concerned about allegations that dealers that have previously stood up for their rights against the manufacturers are being targeted by these closures. We believe that the forced closures of profitable dealerships needs to be scrutinized by the Task Force to prevent additional future financial losses to General Motors and Chrysler and job losses across the United States.

We may consider legislative proposals to ensure that dealers and their employees are treated fairly, and we look forward to your timely response.